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**PALFINGER AG signs two joint ventures with Sany Heavy Industry  
Hübner Schlösser & Cie advised Palfinger AG**

- JV Sany Palfinger produces and sells PALFINGER products in China
- JV Palfinger Sany distributes Sany mobile cranes in Europe and CIS
- Sany Heavy Industry is the market and technology leader in the field of construction machinery in China
- PALFINGER is the market and technology leader in the field of truck-mounted cranes



***Salzburg/Changsha***

Today PALFINGER AG, headquartered in Salzburg (Austria), and Sany Heavy Industry Co.,Ltd, headquartered in Changsha (People's Republic of China), entered into an agreement on the establishment of two joint venture companies in which both parties will each hold 50 per cent of the shares. Sany Palfinger will primarily produce and sell PALFINGER products in Changsha for the Chinese market; Palfinger Sany, with its registered office in Salzburg, will distribute the mobile cranes produced by Sany in the global market outside China. The establishment of the two joint ventures is subject to the approval of the authorities.

Herbert Ortner, CEO of PALFINGER AG, states: "With the establishment of these two joint venture companies, we have taken a big step forward in our internationalization strategy. We now have manufacturing and assembly plants in all of the world's major markets. With Sany we have a partner that is not only one of the fastest growing companies in the world, but one that meets our high quality standards as well. Together with Sany, we have laid the foundation for holding our own on a long-term basis in an increasingly aggressive competitive environment and for expanding our leadership position in the global market. China will become our second domestic market. By enabling our partners outside China to distribute Sany mobile cranes we are giving them a valuable addition to their range of products."

Liang Wengen, Chairman of Sany Heavy Industry, says: "For Sany, this close cooperation with PALFINGER is a major step towards tapping the global market. We will use PALFINGER's dense, international sales and service network to promote the globalization of Sany from a Chinese perspective. We are looking forward to our cooperation with a partner that is



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a technology and market leader and whose customer proximity and comprehensive services are highly appreciated by its customers. We are fully convinced that these two joint ventures will swiftly achieve success, thereby making a significant contribution to the rapid and sustained growth of Sany.”

Description of Sany: Sany Heavy Industry Co., Ltd is the largest heavy equipment manufacturer in China and the seventh-largest in the world. Sany is a world-class brand in concrete machinery and the leading brand in China in excavators, crawler cranes and pile driving machinery. Other important products include hoisting machinery and road construction machinery. Founded in 1994, Sany Heavy Industry mainly engages in R&D, manufacturing and sales of construction machinery. The company went public on 3 July 2003, and with a market capitalization of more than USD 20 billion, has become the first industrial enterprise in China to be counted among the FT Global 500. Sany Heavy Industry employs a total staff of 49,876 in China and its four research and production sites in the USA, Germany, Brazil and India. The company operates in 120 countries and regions, and sells its products via 24 subsidiaries. In 2010, Sany generated sales revenue of more than RMB 50 billion which corresponds to approx. EUR 6.1 billion. Every year, around 5 per cent of Sany’s sales revenue is re-invested in research and development. Sany is listed on the Shanghai stock exchange.

### ***Chinese dimensions***

With an area of 10 million square kilometres, China is the world’s third-largest country. It is only slightly larger than Australia, which has a population of approx. 22 million, whereas 1.3 billion people live in China. Australia has a GDP per capita of more than USD 40,000; China’s GDP per capita is approx. USD 7,600. In 2010, the GDP of the People’s Republic of China was USD 5.8 trillion, with a growth rate of 8.7 per cent, whereas GDP in Germany was USD 3.3 trillion, GDP in the USA was USD 14.5 trillion and GDP in Australia USD 1.2 trillion, with the latter countries all recording only moderate growth rates. In China there are 19 cities that have more than three million inhabitants; Changsha, where the headquarters of Sany is located, has a population of approx. five million.

China is the world’s largest automobile market. What is relevant to PALFINGER’s products is the truck market. In 2010, approx. 1.23 million trucks were produced in China, whereas the NAFTA countries of Canada, the USA and Mexico produced around 420,000 trucks, the EU 220,000, India 310,000 and Russia 58,000. The global market is estimated to amount to 2.8 million trucks, which means that China covers almost half of the total production. The share in the Chinese truck market held by foreign producers is an insignificant 2 per cent.



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Similarly striking is China's share in the global market for construction machinery. With 28 per cent, China is regarded as the largest producer, followed by North America with 22 per cent, Europe with 18 per cent, India with 9 per cent and Japan with 6 per cent. From this it may be inferred that within the next five years China will become the largest market for PALFINGER products as well. In 2010, approx. 7,000 knuckle boom cranes and telescopic cranes were produced in China; at an estimated annual growth rate of more than 20 per cent, the market for truck-mounted cranes in China is going to amount to approx. 30,000 cranes in 2017, which is roughly 50 per cent of the global market.

***Two joint ventures***

Sany Palfinger SPV Equipment Ltd. in Changsha will develop and produce truck-mounted knuckle boom cranes and telescopic cranes on the basis of the technologies of PALFINGER and Sany for the Chinese market. The medium-term target is a market share of 30 per cent. Sany Palfinger SPV Equipment Ltd. will establish a new plant near Sany's facilities, with production capacities for 10,000 cranes. At the same time, a dense sales and service network will be set up in China. First, ten standard crane models will be produced in series for the Chinese market. In a second step, other PALFINGER products, such as container handling systems, tail lifts and access platforms should be included in the production and sales portfolio. The company will start operations in 2012 and will have reached full operational effectiveness by 2013.

Palfinger Sany International Mobile Cranes Sales GmbH is being established as an international sales and service company, having its registered seat in Salzburg and exclusively distributing Sany's mobile cranes in Europe and CIS. Furthermore, the development of a truck mounted telescopic crane and commercial chassis for North and South America is planned. The company will start operations without delay and will have reached full operational effectiveness by the end of the year.

Both companies will be subject to the Austrian Code of Corporate Governance and will prepare their financial statements in accordance with IFRS and Chinese GAAP, respectively.

Hübner Schlösser & Cie (HSCie) advised Palfinger within the negotiations.



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***About PALFINGER AG:***

PALFINGER has for many years been among the leading international manufacturers of hydraulic lifting, loading and handling systems. As a multinational company group with its headquarters in Salzburg, Austria, it generated revenues of 846 m EUR in 2011 with 6.000 employees.

The concern possesses production- and assembly bases in Europe, Nord- and South of America as well as in Asia. Innovations, ongoing Internationalisation and Diversification of products and services build the pillars of the company strategy. In the world market of hydraulic knuckle-boom crane PALFINGER is considered not only as market-, but also as technology-leader. PALFINGER products are distributed and serviced by close to 4,500 distribution and service points in more than 130 countries on five different continents.

***About HSCie:***

Hübner Schlösser & Cie, located in Grünwald near Munich, is an independent corporate finance advisory firm, specialised in acquisitions and divestitures of medium-sized and large companies worldwide. In the last years the firm advised in more than 150 transactions with a total transaction value in excess of EUR 17 billion. Hübner Schlösser & Cie is one of the leading advisory firms for medium-sized transactions in Germany.

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